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June 20, 1997

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Federal Communications Commission  
Office of Secretary

Mr. William F. Caton  
Secretary  
Federal Communications Commission  
1919 M Street, N.W., Room 222  
Washington, D.C. 20554

**COMMENTS TO  
WT DOCKET NO. 97-82 & DA 97-697**

Dear Mr. Caton:

I am writing on behalf of PCS Plus, LLC and McKenzie Telecommunications Group, Inc. "MTG". My companies are woman-owned small businesses. PCS Plus, LLC won the following franchises in the C block auction: Farmington, New Mexico-Durango, Colorado (Market B139C); Gallup, New Mexico (Market B162C); Harrison, Arkansas (Market B182C); Hot Spring, Arkansas (Market B193C); Russellville, Arkansas (Market B387C); and St. George, Utah (Market B392C). MTG, Inc. is a turnkey wireless system development company whose client list includes Magnacom, WebTel, Pocket Communications, Mountain Solutions, Nextwave, AT&T Wireless, Sprint PCS, PrimeCo, US WEST, Pacific Bell Mobile Services and others.

On behalf of the C block licensees, our companies are working very hard to build out these franchises and we have already made very substantial progress in engineering our networks. I am writing to you to request your urgent attention to listen to one Small Business/WBE owner whose continued success is relying on the FCC and Congress to make responsible decisions which will assure the success of the C block licensees. As a service provider and licensee, I am in the trenches with many other small businesses and C block licensees who are working very hard to bring forward the dream of competition that Congress and the FCC wished to foster. One example, is that we have made real progress toward our plan to bring universal service to rural areas on Indian reservations through the use of several C block proposed systems. An idea such as this can never be realized unless the C block debt is restructured and financing is made more readily available.

By way of background, I was honored by President Clinton this year when I was named "Arizona Small Business Person of the Year." Speaking for my own small businesses, our continued success relies heavily upon the success of the C band licensees. In that regard, I have been asked to be the spokeswoman for a group of Arizona telecommunication resellers, contractors, vendors and suppliers who have been severely impacted by the lack of support of entrepreneurs' block licensees shown by the FCC and the American financial community. We currently have over 1,000 families on our list who have been negatively impacted as a result of buildout plans being delayed by at least seven of the largest C band licensees. These negative impacts have already resulted in thousands of Americans across the nation who have lost their jobs. As you know, this has a domino effect on the economic situation of any city, state or nation. This will only get worse if the C block licensees fail. I am writing to ask that you

**McKenzie Telecommunications Group**

dba MTG, Inc.

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Handwritten signature/initials

consider ways to very quickly remedy the problems of the C block licensees which are the result of the burden of the fantastic debt and terms of the debt the FCC has mandated. As a Small Business/WBE with a proven track record of being a prudent business owner, I believe the following changes would help to resolve the C block financial difficulties and allow them to proceed with their buildout plans and launch commercial systems as quickly as possible:

- Consider ways to very quickly waive Section 310(b) as it applies to all C and F block entities because most conventional sources of financing are now not available to C block participants. Allowing immediate foreign investment up to 45% would enable several of the C band licensees to resume their original buildout plans and launch their commercial systems within one year.
- Allow the C block licensees to defer all payments and accrue interest for the first five years of the license term. This would allow licensees to utilize their capital for fixed network equipment and system development.
- Allow annual payments rather than quarterly payments so that C block licensees are not required to court their financiers quarterly. This would allow them to focus their energy on building their systems. From my 23 years experience in the industry, it is realistic to expect at least five years before they will see a positive cash flow.
- It is reasonable to expect that the value of the A, B and C licenses should have been comparable. However, the bidding got out of hand in the C block auction and prices were driven 2 to 3 times higher than the A or B carrier had to pay in the same market. Therefore, I would support the suggestion that the Commission consider reducing the principal amount of C block debt from the current average \$40/pop to \$15-20/pop, putting C block licensees more on par with the A and B licensees.

In the beginning, the C block was created to ensure opportunities for minority and women/owned businesses, small businesses and rural telecommunications companies to enter the emerging wireless communications market. The purpose was to create new jobs and foster competition that would benefit the American consumers. This opportunity was the driving force in my decision to leave the comforts of corporate America to become an entrepreneur. I truly believed this would be the opportunity for me to integrate my twenty years of telecommunications experience as an executive level manager for US WEST, LA Cellular and Bell Atlantic Mobile Systems into an entrepreneurial opportunity to own wireless franchises and provide contract services to other carriers when the "PCS rush" hit the industry. It was exciting, I was confident I could compete with the larger carriers because I had a very competitive business plan and marketing strategy which would capitalize on the fact that my franchises would represent the "entrepreneurial little guy". I believe many Americans would give the small business entrepreneurs a chance, if we could get our systems on the air. As C block licensees, we are in a unique position to introduce competition because of our ability to move quickly and introduce the services in an entrepreneurial manner. Even with my experience and track record, I have had a very difficult time accessing capital for my licenses.

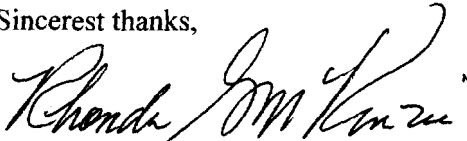
The wireless market financiers were optimistic about competition throughout last year, but unfortunately this year only very established players with strong cash flow have been successful on Wall Street. I firmly believe that this does not reflect a problem with our business plans or with our will and ability to compete. From my carrier experience, observations as a C block player, and a wireless service provider, it is not difficult for me to come to the conclusion that the C block licensees have been handicapped from

the start by the delay in the C block auction. This resulted in the A and B carriers having over a one year head start to build out their markets. Then, the rules were changed, and Tax Credits were deleted from the special financial provisions. These were two big factors which negatively impacted the C block licensees ability to attract American investors.

In the current wireless market, it appears that most domestic investors do not understand or know how to put a price tag on the risk associated with competition. I believe that foreign investors at times are more understanding of the need for "patient capital". Foreign investment could help to stabilize the C block through this summer, while the Commission contemplates a long-term solution to the C and F block installment payment issues.

I understand that the approval process for foreign equity investment in excess of Section 310(b)'s limits can extend over a period of months. As entrepreneurs, and particularly entrepreneurs facing inhospitable public capital markets, we are living a hand to mouth existence. Time is truly of the essence. I also understand that often the investments the Commission called upon to consider under Section 310(b) are large and strategic, such as Deutsche Telecom's investment in Sprint. The money that most entrepreneurs can raise from foreign investors is more likely to be a patchwork of smaller pledges, to be used as working capital during this time of great pressure. A lengthy review process for each commitment almost certainly dooms our ability to raise and use capital. If we don't raise capital soon, our competition will flood the markets with big brand names and we may never be able to compete successfully.

Sincerest thanks,



Rhonda McKenzie  
President/CEO MTG, Inc.  
Managing Partner, PCS Plus, LLC

cc: Senator John McCain  
Senator John Kyl  
Congressman John Shadegg  
Congressman Matt Salmon  
Congressman Ed Pastor  
Congressman Bob Stump  
Congressman Jim Colby  
Congressman J.D. Hayworth  
Governor Fife Symington

The Honorable Reed F. Hundt  
Daniel Phythyon  
Jerry Porter  
Sande Taxali

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